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WASHINGTON, DC- U.S. Rep. Charlie Melancon voted today in favor of legislation reforming the National Flood Insurance Program (NFIP) to keep it financially solvent and ensure that aid will not run out for victims of flooding from Hurricanes Katrina and Rita. H.R. 4973, the "Flood Insurance Reform and Modernization Act of 2006," will allow the NFIP to borrow up to \$25 billion from the U.S. Treasury to pay insurance claims and would make other changes to the program to reduce the need for future borrowing.

Melancon also voted in favor of Rep. Gene Taylor's (MS-04) amendment requiring the Inspector General of the Department of Homeland Security to investigate whether, with regard to certain Hurricane Katrina claims, insurance companies have billed the NFIP for damages that should have been paid out by the companies' wind policies. In Katrina-impacted areas where both hurricane winds and storm surge caused damage, several insurers have assigned all damages to flooding, denying they are accountable for any wind damage payments.

"Hurricanes Katrina and Rita brought unprecedented destruction to Louisiana and this reform legislation will ensure the victims get the helping hand they need to put their lives back together," said Melancon. **"This legislation will also provide much-needed oversight to the National Flood Insurance Program, making sure the U.S. taxpayer doesn't pay claims that should have been covered by private insurers."**

In addition to increasing FEMA's borrowing authority, H.R. 4973 will also:

- Authorize FEMA to expand the flood insurance program to include new types of insurance and higher dollar limits on the amount of coverage available.

Provide a new \$1,000 living expense payment for policyholders after a flood.

Increase the authorization of appropriations for FEMA's flood mitigation and flood mapping programs, allowing more accurate and routine updates to flood maps.

Increases fines for federally regulated lending institutions that do not enforce mandatory

purchase requirements to \$2,000 from \$350, and increases the cap on how much an institution can be fined in a given year to \$1 million, from \$100,000.

The National Flood Insurance Program (NFIP), which is run by FEMA, was created in 1968 to counter the costs to the federal government resulting from disaster assistance for flood victims. The program provides federally backed flood insurance for 4.6 million homeowners, renters and business owners. Due to Hurricanes Katrina and Rita, FEMA is estimating the program's liabilities will be \$23 billion to \$25 billion, far surpassing the entire history of NFIP paid claims. Because FEMA is legally obligated to pay claims arising from flood events where policies are in place, if the NFIP cannot pay the estimated 225,000 Katrina- and Rita-related claims, these homeowners could initiate legal action against FEMA and the federal government.

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